

MARKETING FUNDAMENTALS

(LCBB4004)

NIKE

(Assignment 2)

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TASK 1A

Introduction

Nike was incorporated by Philip Bill and Knight Bowerman in 1972. Its headquarters is located in Beaverton, Oregon. In 1975 it became as an international company. It is the world's leading multinational corporation for manufacturing, designing and distributing of apparel, equipment, athletic footwear and accessories which employed around 38000 people to produce them. Its operations are found across the world, over 170 countries. Nike functions through three wholly own companies named, Hurley international, Cola Haan and Umbro Lts which deals with lifestyle apparels, casual and athletic footwear and equipment and footwear for soccer respectively. Nike also sells baseball, football, tennis, golf, bicycling, hiking and other athletic shoes. All these products are provided for men, women and children. America, Africa, Europe, Asia Pacific and Middle East are its target markets.

Processes and Stages of Marketing

Marketing process holds significant responsibility in controlling marketing strategy. Marketing process is the method used for choosing proposed consumers, deal with their needs and wants, expressing the product, price, place and promotion and finally addressing to the market. In here we need to determine our customers, we are going to serve by segmenting the market and place the products to that target customers.

There are series of steps to be followed for a successful marketing process. They are Mission, Situation Analysis, Marketing Strategy, Marketing Mix and Control and Implementation.

- **Mission:** This is a core message which influences the marketing strategy. Below questions should be considered while evaluating the mission statement;
 - Why are we in business?
 - Purpose of it?
 - Perception of business?
 - How does this mission illuminate our strategy?
- **Situation Analysis:** It means evaluating the external and internal factors that affects the market and the business such as the challenges we face, competitors in the market, strength, weakness, threats, opportunities and etc. This process provide a clear view of the position of company in the market, industry trends and about the prospective customers. Situation Analysis can be conducted using several methods like SWOT Analysis, PESTLE Analysis and etc.
- **Marketing Strategy:** In this stage, the opportunities have to be prioritized as which is going to be pursued. By creating a marketing plan, we can identify our particular target customers and the suitable ways to reach them.
 - How much will this plan cost?
 - What will be the customers' responses?
 - How will the competitors react?These are some key queries to be considered while writing the market plan.
- **Marketing Mix:** It is based on 4Ps including product, price, place and promotion. This guides the way for conveying the value of products to the valuable customers.



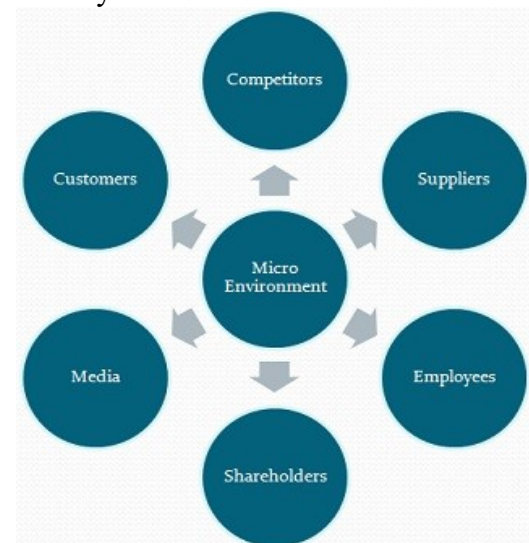
- **Implementation and Control:** This is the final stage, to put the plan into action. At this stage, our products will be reached out to the customers thus marketing the products, organizing the people for the tasks and managing all relevant details for each goals will be taken place.

As this is a dynamic process, regular these steps need to evaluate and measure for the better results. Certainly, these strategic processes support the entire mission of an organisation.

Business Environment – Micro & Macro Environment

The environment, within which an organization operates is termed as 'Business environment'. None is capable of function in isolation since so many factors closely surround the organization, which is known as the environment of business. It can be classified as: micro environment and macro environment. Learning about the business environment is important in order to understand the effects of several forces.

Micro environment is closer, under which the business runs and which directly affects the routine activities of the organisation. It is associated with just a small area. It is a collection of the forces that are much closer to the firm. They can influence the daily operations of the business, but only for a short term. Suppliers, customers, competitors, marketing intermediaries are the main elements of it.



In contrast, macro environment is defined as a general environment that affects the activities of all business sectors which are beyond the control of the company. It influences the performance, decision making, strategy and performance of all business groups. Macro environment is a dynamic structure so it keeps on changing. PESTLE Analysis is one of the effective method to learn about the macro environmental factors.

PESTLE Analysis _ Nike

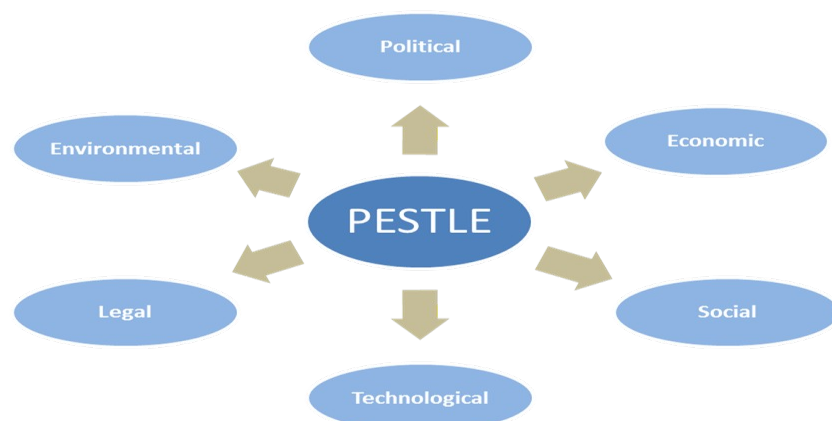
PESTLE analysis is known as the study of Macro environment. This model identifies the external factors that act as threats or opportunities for the business. The word 'PESTLE' stands for Political, Economical, Social, Technological, Legal and Environmental factors. Here we will discussed some key issues that has to be included in Nike's strategic formulation.

Political Analysis:

Majority of Nike's trade takes place in the United States, United Kingdom and other European countries. These countries have stable political condition and advanced import and export policies. Nike is not affected by the exchange rate since, it is a great benefit for it. Further expansion of free trading policy is another opportunity for Nike.

Economic Analysis:

The decline in Chines economy is unfavourable for Nike whereas, the economic stability found in developed markets is an opportunity for it. Further the rapid growth seen in the developing markets can be either favourable or unfavourable.



Social/ Cultural:

Nike's products are available all over the world so, it should focus on the customers' taste, buying habits and preferences. Increasing demand on green products, focusing on healthiness and increase in the number of online buyers are some of the main factors that contributing to the growth of Nike. Growth in individual wealth and improvement of positive thoughts about leisure can be found as some opportunities.

Technological:

In this era, technologies are changing in a high speed, it supports Nike to supply quality products using robust mechanism. Advancement of technology helps to customize its products according to the preference and taste of consumers. Apart from this, the online site of Nike has attracted a wide range customers where they are able to design their own wears. In other word, increasing the use of mobile technology is a favourable condition for it. R&D investment increment occurs among the firms threatens Nike.

Environmental Analysis:

Climate changes and expanding environment laws are create more opportunities for Nike. In the manufacturing process, Animal skin is used for leather so they have to consider about its extension or the ban of using such resources.

Legal:

Legal issues have a massive impact on all companies because these laws determine the way of conducting business within an organisation. Supply and Sales act, Customer protection legislation, trade description act and equal opportunity acts are the major acts that should be obeyed by an organisation. Expanding safety and health regulation as well as the consumer laws in developing countries are favourable for Nike company. Though, improving employment laws is a threat as it increases the labour cost.

SWOT Analysis _ Nike

Particularly, for a business organisation it is important to understand the environment from both external and internal view. SWOT Analysis is a technique used to understand the strengths and weakness (internal), and to identify the opportunities and threats(external) face.

The chart briefly captures some strengths and weakness and the opportunities and threats face by it.

Strengths	Weaknesses	Opportunities	Threats
Global brand & Number.1 shoe supplier	Higher price compared to competitors	Use incorporating waste from manufacturing process	Competitors (Adidas, Reebok)
Strong distribution channel	Profit mainly depend on footwear than other products.	Expand the production range to jewellery, sunglasses and etc.	Labour strikes
Enable customers to design their own shoes	Depend more on retail sectors	Create niche brand for other customer segments	Currency fluctuation
Innovative & new fashioned shoe designs	Selling through retailers who stores other brands as well	Focus on more sports events like FIFA, Olympic.....	Customers becoming price conscious than brand

Strong marketing campaign	Being too luxury and premium brand	Emerging markets of India and China	Rescission occurs on economy
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SWOT is used for strategic planning, marketing planning, business planning and etc.

S-T-P

S-T-P is a frame work that summarises the process of market segmentation.

Segmentation-identifying the market to be segmented.

- Demographic segmentation: Nike uses age and gender group like male and female between 15-55 age range.
- Geographic segmentation: Under this, it serve all its target customers all over the world.
- Psycho graphic segmentation: On the basis of this, the purchasing habits and interest are focused. So its market includes sports oriented and active lifestyle oriented

Targeting-process that identify the most relevant segment from first stage.

- It includes aggressive marketing like enable to purchase through customization.
- Nike's targeting strategy includes sponsorship through celebrities or sports team.

Positioning- position itself in the customers' mind.

- It has positioned as a leader of sports goods in its target customers' mind.
- The slogan 'Just do it', changes the customers' mind to buy the product with confidence and inspiration.



Marketing Mix Strategy

Marketing mix is a famous marketing term

which is known as 4Ps. The components of 4Ps are 'Product', 'Price', 'Place' and 'Promotion'. It is a group of actions carried out by the company to promote its product to the market. Product is the item being sold to the customers; Price refers to the value of that product; Point of sale is called place and all the activities done to make the product known to the customers is promotion.

Nike has a powerful marketing mix and a significant role in marketing. It has set up its marketing strategy against the competitors like Reebok and Adidas.

- Nike Product:- Shoes, sports equipment, clothing and apparel and accessories are represent Nike's product mix. Footwear are the popular product so, it continuously adds more product line to this category. Nike integrates modern technology into the products to improve effectiveness also customer satisfaction.
- Price:- Value based pricing and premium pricing strategy are applied in Nike's business. In the value based, consumer perception regarding the value of the product is considered. But the premium pricing involves based on the branding strategy.
- Place:- The products are being sold in large number of outlets across the world. Retail stores, Niketown and online stores are the distribution strategy of Nike. Among these, retail stores are the most significant. Niketown outlets are company-owned. Recently online stores have taken a major role in selling products.

- **Promotion:-** Nike uses promotional tactics to communicate its target customers and induce them to purchase. Direct marketing, personal selling, advertising sales promotion and public relations are the ways followed in its promotional activities.

Role of marketing

‘Marketing concept’ is a philosophy that the organisation has to try to supply products that satisfy the consumers’ needs by set of activities which also helps to achieve the goal of the organisation. The Nike brands main target is towards athletes, supplying related, essential products like shoes, clothes and sporting equipments. In last few years the industry of sporting goods relied upon with moderate Growth. So the demand for sporting equipment is increasing day by day. In coming years the customers will become more aware of health conscious which will create more demand for sporting goods. Nike uses a strong brand consciousness among the customers for gaining more market share. Nike has been working on to implement new technologies as well as to examine the trends of the consumers. Nike uses professional athletes in initial product advertising which provides a better publicity and increasing the demand. Nike has expanded its target market also has changed its target market to younger consumers whereas it was only teenagers at the past because of the high competition with Reebok and Adidas. Customers are willing to pay on Nike due to its style, reliability and superior quality. Due to the modern technological trends it introduces e-Commerce and digital sports.

Branding

‘Branding’ can be defined as a process which involves in creating a unique and special image about a product in the mind of customers, mainly via advertising. There are different branding strategies such as name branding, product branding, range branding, corporate branding, individual branding and etc.

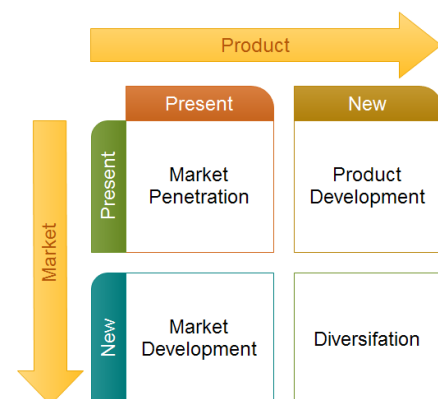
- Individual branding: Products, those carry their weight of the parent company independently.
- Range branding: Create separate product range name for different families of products.
- Name branding: Using its own brand name to extend its products. In this point of view, Name branding strategy is used by Nike to attract its target customers. Its logo and the slogan ‘Just do it’, have massive impact on this. Further, celebrities endorsement is one of the main drivers in Nike’s growth. Inspiring advertisements and stylish products too behind Nike’s evolution and successful brand image.



Ansoff Matrix Strategies

There different ways to analyse different marketing strategies. The Ansoff Matrix analyses with regard to the products offered and the market where the business get involved. The four different strategies are below;

1. market penetration:
It is where, the company gives emphasise on sell its existing products to the existing markets.
2. market development:
It is where the company seeks for selling its existing products to new target markets.
3. product development:
It is where the business targets to launch new products into existing markets.
4. Diversification:



It is where the company markets new products into new markets.

Stakeholder Engagement

A stakeholder can be any person, social group, organisation or society that has a stake in that particular business. Either they can affect the business, can be affected by the business or else be both. As Nike is a global business organisation, It has a wide range of stakeholders who has significant stake in its business. They are customers who are on top, employees, community, government and group of interested members.

The direct stakeholder is, Mark Parker the CEO and President of Nike, Inc and the second-largest stakeholder is State Street Corporation which holds second highest number of shares. Additionally, Nike gives the highest priority to the customers as stakeholder because they are the major group who affect the revenue. They are interested in high quality products with affordable price. As a stakeholder group, employees influence the organisational productivity and effectiveness. Their performance directly converts to organisational performance. The interests of them include career development opportunity and fair payment. Nike addresses the interests of the community through Nike's Foundation which supports the development of community. The reason why Nike identifies Government as a stakeholder is, their legal actions and permits affects how Nike operates. At last the interest groups have effects in terms of customer perception regarding the products and overall organization. Their interests are varied such as environmental friendly, sustainability in business and etc.

Conclusion and Recommendation

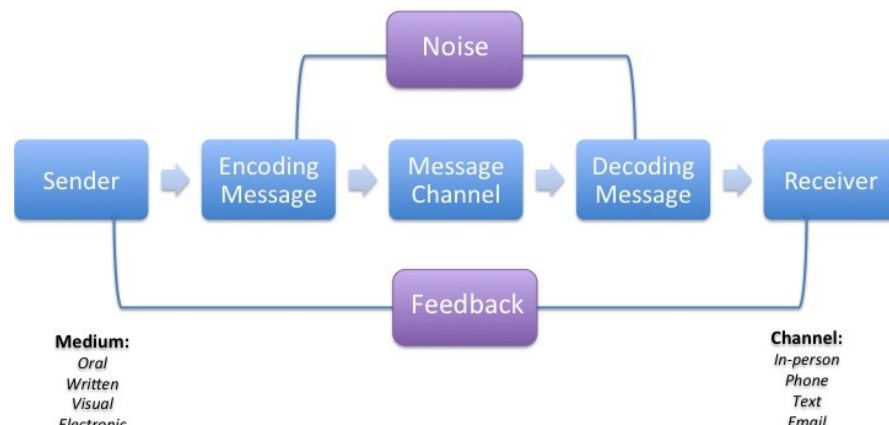
It is seen from the analysis of Nike, Inc, that it has enough power resources and potential to implement its objectives mission and vision. It has placed significant weight on marketing and promoting the products. In my point of view, according to my research; Nike should introduce new products to the market, should concern about the management to control labour issue also marketing communication ways can be increased as well.

TASK 1B

The assignment of Marketing Fundamentals was finally completed successfully though there were some difficulties in this path. The tools and resources that supported me to do this tasks are known as 'tactical communication tools'. They generated awareness and interest in my project. The blog which we created helped me a lot for this task. Moreover the lecturer's guidance, support from my friends, online library, e-books, reliable websites and the marketing books did a great job in my journey.

On the other hand, sponsorship, advertising, social media marketing such as Instagram, e-mail, Nike website and Blog are some remarkable promotional strategy used to generate interest and awareness of Nike.

Basic Communication Model



Marketing Fundamentals Module which I learnt in term2 is very interesting and valuable as I learnt many new concepts, models and techniques related to marketing. I hope that these will help with my future goals and aims.

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